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Congress of the United States
House of Representatives
Washington, DC 20515-0906

July 14, 2011

The Honorable Julius Genachowski
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Dear Mr. Chairman:

Over the past fifteen years local telephone companies have exited the payphone business, leaving the provision of pay phone services almost entirely to independent service providers, the great majority of whom are very small businesses. Today there are about 450,000 payphones, and 800 independent payphone providers maintaining and servicing those phones.

Over these years the independent payphone providers have repeatedly asked the FCC to change its regulations in light of the new reality that payphones are no longer provided by some of the largest telephone companies in America, but by some of the smallest. There are at least two pressing problems:

First, the FCC governs the system under which payphones are reimbursed for non-coin calls (long distance, calling cards, 800-numbers). It may be time for the FCC to reexamine this system to determine if it is working. Payphone operators are often forced into multimillion-dollar lawsuits to recover the payments they are entitled to. Despite their litigation record, small business operators cannot wait for years in court to recover the payments they are due in ordinary course.

Second, petitions dealing with recovery of past overcharges by local telephone companies to what were then competitive independent payphone operators have been "on circulation" in Commissioners' offices since September 2010. Regardless of how the FCC rules on this issue, small businesses deserve answers to these questions and the certainty that comes with a resolution.

Please let me know at your convenience how the FCC plans to address these issues.

Sincerely,

Cliff Stearns
United States Representative

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FEDERAL COMMUNICATIONS COMMISSION

October 7, 2011

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Cliff Stearns
U.S. House of Representatives
2306 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Stearns:

Thank you for your letter regarding independent payphone service providers and the payphone proceeding pending before the Commission.

As you note in your letter, the Commission is considering petitions for declaratory ruling from payphone providers seeking refunds from Bell Operating Companies in several states. Individual state public utility commissions have jurisdiction over the access line rates that payphone providers purchase to provide their service. In the petitions before the Commission, independent payphone associations from the states of Illinois, Mississippi, New York, Florida, Ohio, and Michigan request that the Commission preempt the decisions by each of the individual state commissions.

The issues that are before the Commission in these multiple petitions raise complex and unique procedural facts. The Commission has compiled an extensive record of evidence submitted by payphone service providers and interested parties from several states. On the basis of that record, I circulated a final order on this item to my colleagues and have entered my vote.

Please be assured that the Commission recognizes the importance of payphones and will give full consideration to all the facts and issues raised by the parties. I appreciate the opportunity to provide feedback on this important matter. If I can provide any further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to be "Julius Genachowski", is written over a horizontal line.

Julius Genachowski